

Message Text

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SUBJECT: SEA-LAND AND EXIM BANK FREIGHT FINANCING - JORNAL
DO BRASIL ARTICLE, JULY 21

FOLLOWING IS AN INFORMAL EMBASSY TRANSLATION OF AN ARTICLE
IN JORNAL DO BRASIL OF JULY 21, 1978, UNDER THE HEADLINE
"SUSPENSION BY EXIMBANK DOES NOT WORRY SIMONSEN":

BEGIN TEXT: THE SUSPENSION OF FINANCING OF FREIGHT
COSTS ON AMERICAN PRODUCTS EXPORTED TO BRAZIL BY THE
EXIMBANK "WOULD BE THE SAME THING AS IF CACEX STOPPED
FINANCING BRAZILIAN EXPORTS TO GERMANY. WHO DO YOU
THINK WOULD BE WORRED? ME, THAT'S CLEAR," THE MINISTER
OF FINANCE, MARIO HENRIQUE SIMONSEN, SAID YESTERDAY.

ITAMARATY SAID IT DOES NOT BELIEVE THAT THE AMERICAN
BANK WILL CARRY OUT ITS SUSPENSION OF FINANCING OF
BRAZILIAN FREIGHT COSTS, BECAUSE "THE QUESTION
GENERATING THE SUSPENSION--THE CASE OF THE SHIPPING
FIRM SEA-LAND--WAS ALREADY SOLVED AND, CONSEQUENTLY, THE
REASON FOR THE MEASURE HAS DISAPPEARED, "MINISTER FELIPE
LAMPREIA SAID. (FYI. LAMPREIA IS THE FOREIGN MINISTRY'S SPOKESMAN).

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ALTHOUGH SAYING THAT HE IS NOT AWARE OF THE
DETAILS OF THE MEASURE, MINISTER MARIO HENRIQUE
SIMONSEN DID NOT SEE IN IT ANY GREATER CONSEQUENCES,
EVEN STATING, IN A VISIBLY IRONIC TONE, THAT "THIRTY
YEARS AGO, WHEN WE DID NOT HAVE ANY FOREIGN EXCHANGE
RESERVES, THE FINANCE MINISTERS WERE PROUD WHEN WE
OBTAINED A LOAN FROM THE EXIMBANK."

HE RESPONDED TO THE MATTER WITH ANOTHER QUESTION:
"DO YOU THINK BRAZIL LACKS CREDIT?"

MINISTER FELIPE LAMPREIA, ITAMARATY SPOKESMAN,
POINTED OUT ALSO THAT BRAZIL "IS NOT SEEKING THE CANCELLING
OF THE EXIMBANK MEASURE", BUT BELIEVES ITS REVISION WOULD
BE NATURAL, BECAUSE THE CAUSE OF THE PROBLEM HAS ENDED.

ITAMARATY FURTHER CONFIRMED, THROUGH ITS
SPOKESMAN, THAT SEA-LAND REALLY DID PRESENT A COMPLAINT
TO THE ASSISTANT SECRETARY FOR MARITIME MATTERS FOR
THE USA, DESPITE THE FIRM'S HAVING DENIED SUCH AN INITIATIVE.

"THE COMPALINT WAS MADE, WHICH DETERMINED THE NOTIFICA-
TION TO THE EXIMBANK AND THE RESULTING RETALIATION," HE
SAID.

AS FAR AS ITAMARATY KNOWS, EXIMBANK'S DETERMINATION
HAS NOT BEEN OFFICIALLY WITHDRAWN, BUT THE FOREIGN
MINISTRY BELIEVES THAT THIS WILL OCCUR AT THE END OF THE
MONTH, BECAUSE THERE IS NOW NO REASON TO CARRY IT OUT.

MINISTER FELIPE LAMPREIA STRESSED FURTHER THAT AT NO
TIME WAS THERE DISCRIMINATION OF THE BRAZILIAN GOVERNMENT
AGAINST SEA-LAND, BECAUSE "BRAZIL WAS DISPOSED TO
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NEGOTIATE WITH THE FIRM AND ENDED UP RESOLVING THE MATTER
THROUGH THESE NEGOTIATIONS."

THE SEA-LAND CASE BEGAN, HE SAID, THE MOMENT THE
BRAZILIAN GOVERNMENT DECIDED TO STANDARDIZE THE TUPE
OF CONTAINER USED IN THE COUNTRY. SEA-LAND, BECAUSE IT
HAS A LARGE STOCK OF CONTAINERS OF ANOTHER SIZE, RESISTED
THE ESTABLISHMENT OF A NEW STANDARD, INSISTING ON USING
ITS OWN, WHICH THE BRAZILIAN GOVERNMENT DID NOT ACCEPT.

THE INTENTIONS OF SEA-LAND TO OPERATE IN BRAZIL
THROUGH THE INTERAMERICAN FREIGHT CONFERENCE, HOWEVER, WAS
NOT ONLY IN THE USE OF ITS 35-FOOT CONTAINERS. ONE OF ITS
PRINCIPAL DEMANDS WAS THE DROPPING OF SUNAMAM RESOLUTION
5246.

AS THIS RESOLUTION IMPEDED THE MOVING OF CARGO FROM
ONE SHIP TO ANOTHER, SEA-LAND FOUND IT IMPOSSIBLE TO
USE ITS TRANSSHIPMENT FACILITY LOCATED IN PUERTO RICO,
HALFWAY BETWEEN BRAZIL AND THE US. THROUGH THIS
POINT SEA-LAND COULD CONCENTRATE CARGO FROM OTHER
POINTS OF ORIGIN THAN THE US WITH DESTINATION TO

BRAZIL, THROUGH OTHER LINES WHICH WOULD AFFECT THE
BRAZILIAN MERCHANT MARINE AS A WHOLE.

CARGOS FROM AFRICA OR EUROPE DESTINED FOR BRAZIL,
FOR EXAMPLE, COULD BE BROUGHT BY SEA-LAND TO PERTO
RICO THROUGH OTHER FREIGHT CONFERENCES TO WHICH IT
BELONGS, FROM THERE TRANSFERRED TO ANOTHER SHIP
TRAVELLING FROM THE USA TO BRAZIL.

THE ACTION OF THE EXIMBANK IN THE USA IS BASICALLY
THAT OF FACILITATING AMERICAN EXPORTS THROUGH FINANCING
THE FOREIGN IMPORTER. IN THE CASE OF FREIGHT COSTS,
THESE ARE ALWAYS FINANCED FOR THE IMPORTER BY THE
BANK. WITH THE SUSPENSION OF THIS FINANCING, HOWEVER,
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THERE ARE TWO OPTIONS FOR BRAZIL: PAY CASH FOR FREIGHT
CHARGES, WHICH MAY BE HIGH WHEN THE ITEMS ARE LARGE
IN VOLUME, OR BUY IN OTHER MARKETS
WITH FINANCING FROM OTHER BANKS. END TEXT.

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